



# Department of Justice

FOR IMMEDIATE RELEASE  
FRIDAY, MAY 30, 2008  
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## **FORMER MANAGER OF LONG ISLAND DEFENSE FIRM PLEADS GUILTY TO BID RIGGING AND SOLICITING AND ACCEPTING KICKBACKS ON DEPARTMENT OF DEFENSE CONTRACTS**

WASHINGTON — A former manager of a West Sayville, N.Y., company pleaded guilty and has agreed to serve a jail sentence and pay a criminal fine for his role in two separate conspiracies, one to rig bids on U.S. Navy contracts for metal sling hoist assemblies and another to accept kickbacks from vendors and subcontractors, the Department of Justice announced today. A metal sling hoist assembly is a wire rope basket-type sling, which is used by all branches of the military to hold items to be transported, such as bombs and other munitions.

Wilson Freire, former Government Contracts Manager at Peck & Hale LLC, pleaded guilty in the U.S. District Court in Islip, N.Y., to one charge of bid rigging and one charge of soliciting and accepting kickbacks in connection with Peck & Hale's sub-contracts to package, paint, manufacture or otherwise finish various parts sold to the U.S. Department of Defense (DOD). Under the plea agreement, which is subject to court approval, Freire has agreed to serve 366 days in jail, pay a \$10,000 criminal fine and to cooperate with the Department's ongoing investigation.

"These charges and penalties serve as a reminder that we will prosecute those who seek to deny the military the ability to purchase goods and services in a competitive market," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

"America's warfighters deserve the very best to perform their jobs in these difficult times. Price fixing and bid rigging by unscrupulous contractors perverts the entire procurement system and denies our service men and women the best tools to support our national priorities," said Sharon Woods, the Director of DCIS.

According to the charges, Freire and co-conspirators carried out the bid-rigging conspiracy by:

- Attending meetings and engaging in discussions regarding the sale of metal sling hoist assemblies to the Navy;
- Agreeing during those meetings and discussions not to compete on certain contracts with the Navy either by not submitting prices or bids on those

contracts, by alternating winning bids on those contracts, or by submitting intentionally high prices or bids on those contracts;

- Discussing and exchanging prices on certain contracts so as not to undercut one another's prices;
- Submitting bids in accordance with the agreements reached;
- Selling metal sling hoist assemblies to the Navy under those agreements at collusive and non-competitive prices; and
- Accepting payments for metal sling hoist assemblies sold at collusive and noncompetitive prices.

Freire is charged with one count of bid rigging in violation of the Sherman Act, which carries a maximum fine of \$250,000 and three years in prison for individuals for violations occurring before June 22, 2004, and a fine of \$1 million and 10 years in prison for violations after that date. Freire is also charged with conspiracy to violate the Anti-Kickback Act, which carries a maximum sentence of 10 years imprisonment and a fine of \$350,000. Under both statutes, the maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's case is the eighth to arise from an ongoing investigation into the military restraints industry. In March 2008, Peck & Hale pleaded guilty to two counts of bid rigging, and Freire is the third Peck & Hale employee to plead guilty to bid-rigging charges in the past year. In April 2008, Ransom Soper, a former sales employee pleaded guilty to one count of bid rigging and one count of conspiracy to commit wire fraud. In July 2007, former sales director, Robert Fischetti, pleaded guilty to two counts of bid-rigging. Fischetti also pleaded guilty to a third count of soliciting and accepting a kickback from another lower-tiered sub-contractor in return for favorable treatment in the award of subcontracts for finishing work on products supplied to the DOD.

In September 2007, Roger Jacobi, the owner and president of a Jacobi Industries Inc. also pleaded guilty to one count of bid-rigging. In November 2007 Certified Slings & Supply Inc., a Florida defense firm, pleaded guilty to one count of bid rigging. In February 2007, two Pennsylvania executives of Total Industrial & Packaging Inc., Thomas Cunningham and Richard Barko, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies.

Today's charges are an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the DOD's Defense Criminal Investigative Service. Anyone with information concerning bid rigging, kickbacks, fraud or other anti-competitive conduct regarding military tiedown equipment or cargo securing systems is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631-420-4302.

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